

Modern understanding of "geoeconomic position" and the Saint Petersburg agglomeration

Kuznetsov, Sergey V.; Lachininskiy, Stanislav S.

Veröffentlichungsversion / Published Version
Zeitschriftenartikel / journal article

Empfohlene Zitierung / Suggested Citation:

Kuznetsov, S. V., & Lachininskiy, S. S. (2014). Modern understanding of "geoeconomic position" and the Saint Petersburg agglomeration. *Baltic Region*, 1, 79-92. <https://doi.org/10.5922/2079-8555-2014-1-7>

Nutzungsbedingungen:

Dieser Text wird unter einer Free Digital Peer Publishing Licence zur Verfügung gestellt. Nähere Auskünfte zu den DiPP-Lizenzen finden Sie hier:
<http://www.dipp.nrw.de/lizenzen/dppl/service/dppl/>

Terms of use:

This document is made available under a Free Digital Peer Publishing Licence. For more Information see:
<http://www.dipp.nrw.de/lizenzen/dppl/service/dppl/>

ECONOMIC GEOGRAPHY



MODERN UNDERSTANDING OF 'GEOECONOMIC POSITION' AND THE SAINT PETERSBURG AGGLOMERATION¹

S. Kuznetsov*
S. Lachininskii**



This article presents a modern interpretation of the concept of 'geoeconomic position' as applied to one of the most important centres of the Baltic region — the St. Petersburg agglomeration. The coastal location of the agglomeration and close connections with the Leningrad region make it possible to consider the Saint Petersburg coastal region (Baltic Area) as a whole. The article sets out not only to verify, confirm, and explain the features of the geoeconomic position of the coastal region, but also to describe the contiguous geoeconomic space. The position of the St. Petersburg coastal region is of crucial importance for ensuring a steady growth of regional economy, the propagation of industrialization impulses, and modernization in the heart of Russian North-western macroregion. At the same time, the specific features of the region's geoeconomic position magnify the 'inherited' and acquired effects of focal industrialization and space polarization, which creates additional prerequisites for the inversion of the Russian economic space — 'Russia of the physical space' and 'the economic space of Russia'. The study uses traditional methodology of economic geography (the territorial, cluster, and spatial approaches) and the geoeconomic approach developed by the authors. The article also addresses recent findings in regional economy and spatial studies. It is aimed at the development of the geoeconomic paradigm in the framework of social geography and that of spatial science. An analysis of the geoeconomic position and the developing spatial relations can be of interest for researchers of geographic clusters, agglomerations, and such cross-border forms of cooperation, as growth triangles, for example.

* Institute of Regional Economy,
Russian Academy of Sciences
38 Serpukhovskaya Str.,
Saint Petersburg 190013, Russia

** Saint Petersburg State University
7—9 Universitetskaya nab.,
Saint Petersburg 199034, Russia

Submitted on December 17, 2013 doi:

10.5922/2079-8555-2014-1-7

© Kuznetsov S., Lachininskii S., 2014

Key words: spatial development, geoeconomic situation, polarization of economic space, St. Petersburg coastal region, coastal location, inversion

In the late 20th – the beginning of the 21st centuries, the economic and geographical space of modern Russia underwent radical internal and external transformations and inversions, which is characteristic of many other macroregions and states, namely, Canada, China, the USA, Brazil, Australia, the EU, and India, to say nothing of smaller regions.

We assume that space necessary for effective economic activity is determined by the nature and territorial division of labour. Today, space is not only a passive form of production development, it also affects the development of economy and the types of economic activity of people residing on certain territories. The regional shift towards world economic relations is an additional factor behind a decrease in interregional trade, which transforms the nature of territorial division of labour. As a result, space is being “compressed” within a country. The smaller the space required for economic activity is, the slower is the country’s economic development. On the other hand, economic relations pull territories that “sail under foreign flags” into the economic space of the country. Therefore, there is a need to study the geographical tradition of a ‘game of scale’, where the scale is determined by the research objective, namely, consecutive synthesis, generalisation, and unification of territories, analytical division and disaggregation [1].

The internal transformations relate, first of all, to the active integration of individual regions into the world’s globalised space. To a degree, it can be explained by the geoeconomic factor, which became the driving force behind the new architecture of the world’s globalised space.

However, Russia is not like other, even largest, states: a vast territory, different models and traditions of economic management, differences in economic and geographical and geoeconomic position and availability of mineral resources — all these and other reasons shaped the Russian space dichotomy between “open Russia” and “internal Russia” or, figuratively, “Russia of territories” and “Russia of geo-economic spaces”. It is not a coincidence that even the ideologist of “shock therapy” in countries of Central and Eastern Europe, Jeffrey Sachs, argues: “The effectiveness of a policy variable may depend on the physical geography of the country. For example, trade liberalization is likely to have greater growth-promoting effects on coastal rather than landlocked economies. Geography may also play a key role in affecting policy choices of different economies” [2, p. 659].

Of course, this thesis transforms when it is applied to Russia. In the case of coastal and border regions of European Russia, geography plays a key role in choosing development models for different economic space systems.

In the Soviet Union, the notion of geographic position was in the focus of geographers’ special attention. According to Yu.G. Saushkin, “...the theory of economic and geographical position assumed a new significance as a theory of interactions within a spatial (geographic) system [3, p. 230]. I.M. Mayergoyz, V.V. Pokshishevsky, V.S. Varlamov, O.A. Konstantinov, G.M. Lappo, M.D. Sharygin, E.E. Leizerovich,

V. A. Kolosov, G. M. Fedorov, etc. are among prominent economic geographers who focused on the category of geographic position.

P. M. Polyanyan and A. I. Tretyakov emphasised [4] that the essence of geographical position is external spatial relations crucial for the object. They also permeate the territorial structure as one of the models of geospace. Geographical position is a bridge from smaller to larger objects. In this context, special attention should be paid to I. M. Mayergoyz's observation on scale differences of geographical objects: "when studying a big city, one should study it in the context of the whole country and even the whole world" [4]. Nevertheless, the scope of international economic ties of Soviet regions, the involvement of the Soviet economy into international division of labour are not comparable to what we observe today. Thus, Soviet researchers focused, first of all, on studying the geographical position of objects within the country. It was next to impossible to put this observation into practice. As to economics, there was virtually a 'wall' between specialists in regional and world economy.

As to geography, there was little integral research on the interface of Soviet and international economic geography. For example, V. V. Pokshishevsky's work "Some questions of the economic and geographical position of Leningrad" presents an analysis of the evolution of the geographical position of the city at the national scale — not a single Soviet infrastructure project was left unmentioned. However, the Saimaa Canal was not considered in the study [5].

An interesting practicable idea was put forward by G. M. Lappo:

...when analysing the EGP of a certain geographical object, of great significance is the aspect of "geographical geometry", i.e. the position relative to the nodes/foci of the social and economic space, economic lines of different types, and areas identified by different criteria and existing within certain borders [6, p. 77].

This idea offers a new perspective in comparison to the classical location theory formulated by von Thünen and Weber and the ideas of Christaller and Lösch. Firstly, the role of borders change. From the economic, as well as political perspective, borders partially or completely lose their barrier functions. Secondly the "nodes/foci" of the national economy develop and transform under the influence of the global economy, neighbouring countries, international infrastructure and transport corridors. Today, the economic and geographical position reflects the relation of any geographical, economic, or any other object to any other objects located beyond it. For instance, in the case of the North-western federal district, external and internal factors determining the EGP are of almost equal significance.

S. S. Artobolevsky argues that, in Russia, "one can identify three types of growth territories that developed under the influence of globalisation, agglomeration and resource factors: large urban agglomerations; transport and resource regions; border seaport regions situated on major international trade routes" [7, p. 82]. In this respect, the Saint Petersburg coastal region, which includes Saint Petersburg and the Leningrad region, holds a

unique position in Russia's spatial system. It combines all the three types of growth territories¹.

One of the key characteristics of the EGP is its variability in time and space. The EGP of an object cannot be the same at different stages of development of both the object and its environment.

Apparently, the EGP of Saint Petersburg and the Leningrad region underwent dramatic and wave-like transformations in 1913—1991 and is still changing. By 1913, the port of Saint Petersburg and the related infrastructure had fallen into decline. At the same time, the ports of Riga and Reval were rapidly developing. The reconstruction of the Leningrad port started around 1924. In the 1930s, the project of the port of Ust-Luga was developed, however, it will be implemented only 80 years later. After the borders of the USSR had changed, all the RSFSR projects were discontinued and replaced by huge investment in the infrastructure of Soviet Estonia and Latvia. In 1992, it turned out that the transit and transport infrastructure of the port of Saint Petersburg was underfinanced and the city's EGP required a further reconstruction. In 1997, the design and construction of infrastructure that would meet the needs of Russian trade commenced. The city and region regained the status of "a window to Europe" lost during the rule of Peter I. Therefore, a due reconstruction of the EGP of Saint Petersburg and the region took not more than 15 years. Throughout this period, the vector of international connections and foreign trade changed three times (Finland — the USA — Germany/Switzerland).

Both the geoeconomic position and the "generic" category (EGP) are highly hierarchical. There are micro-, meso-, and macropositions. As a result, the geoeconomic position of an object can be considered relative to the immediate environment (microposition), the country, or a groups of countries.

The geoeconomic position is interpreted as a prerequisite for and a consequence of the economic development of an object; it strongly depends on the development of transport routes and is often manifested through the transport network. In this connection, Deborah Cowen stresses that globalised production systems depend on the effective movement of goods across national borders. Space is being levelled, as if borders have never existed. At the same time, the interests of national security require their closing and control. She also emphasised that today more than 90% of global trade is moved by ship [8, p. 33].

For Russia and the North-western federal district, this consideration is of special importance. The geopolitical and geoeconomic risks associated with transit countries impart a renewed relevance to the geographical prerequisites of the coastal position of Saint Petersburg and the Leningrad region at the Baltic Sea; in the 2000s, the development of new port facilities in Promorsk, Vysotsk, Ust-Luga, and Bronka became possible [9].

¹ In this case, the status of a resource exporting region is explained not by the mineral resource potential but by that Saint Petersburg houses the headquarters of such giants as Gazprom Neft and SIBUR. The Leningrad region also plays an important role in exporting hydrocarbons in the framework of the Nord Stream and Baltic Pipeline System I and II projects.

The evolution of key scientific categories of economic geography and regional economy and their adaptation to modern conditions are of crucial importance for understanding the modern world economic process in space. The ability to formulate new questions, see new opportunities, and consider old problems from a new perspective requires creative imagination and can help to obtain new, historically adjusted knowledge.

At the end of the 1980s, as political processes were becoming more complicated, the concept of “political and geographical position” gained widespread use in geography. Of course, it was a step forward in comparison to the classical approaches of the era of N.N. Baransky. Following the established tradition, V.A. Kolosov also distinguishes between macro-, meso-, and micro-position but uses this distinction to analyse political phenomena [10]:

...the influence of the political and geographical position on the balance of political forces within the country is determined not only by the country's place on the political map or its participation in military and economic organisations. An important role is played by the position relative to economic centres and transport axes of integration alliances, international commodity, capital, information, and labour flows, as well as tourist routes. An important issue is the location of external sources of raw materials and food, their remoteness and diversity, security of supply and communications from the military and political perspectives [10, p. 49].

In fact, the political and geographical position, which evolved from the economic and geographical position, gave rise to the emergence of a new category of *geo-economic* position, which took place a few decades later.

A correct understanding of the category of “geo-economic position” requires the consideration of the generic concept of *geo-economics*. In 1942, the American scholar George T. Renner was one of the first to use the term “geo-economics” [10]. However, D. Cowen believes that the term was first used by the French economic geographer J. Boudeville (1966) who considered his theory of growth poles from the perspective of *geo-economics* [8].

This fact seems to be of importance, for it emphasises the methodological connection between the concepts of polarised development and *geo-economic* approaches. The following thesis can be considered as the main conclusion of these theories: the unevenness of economic growth and the process of spatial polarisation inevitably result in an increasing disparity between the centres (cores) and the peripheries within the economic space. Losing economic and human resources to the centres increases the peripheral nature of part of the economic space.

A new understanding of development patterns of the economic space emerged within the concept of “new economic geography.” The World Development Report presenting the key principles of this concepts notes that the successful development of certain cities, countries, and regions is explained by territorial changes characterised by three parameters [11]:

- higher densities manifested in urban growth;
- shorter distances as employees and businesses migrate closer to the nodes of high economic density;

- reduced divisions as countries increase the permeability of their borders and access world markets to benefit from large-scale production and specialisation.

In the new economic geography, interaction is an important factor of development. For instance, it describes the so called “spillover effect”, i.e. benefits received by a community as a result of its close proximity to a growth pole. In Russia, the effect of agglomeration is observed in some large cities. Neighbourhood is of crucial significance, therefore the economic and geographical (geopolitical) distance plays an important role in this context.

Today, Russian and international scholars have different perspectives on the geoeconomic essence of space in terms of both the scope and content of the concept. For example, H. Kaufman stresses that “geoeconomics links the “big picture” with the practical realm of markets” [12]; K. Jean and P. Savona argue that geoeconomics has evolved into economic geopolitics having replaced military geopolitics; Yu. N. Gladky defines geoeconomics as a geographical subdiscipline studying the economic space, economic geosystems, features and patterns of distribution of productive forces and regional development under the influence of various, predominantly resource, factors [14]; D. M. Zamyatin argues that geoeconomics is one of the most dynamic areas of modern humanities [15]. We are inclined to agree with the latter statement, however, focusing on the economic (not merely economic and geographical) content of geoeconomics.

Therefore, the object of geoeconomics is the world’s globalised space, within which transboundary geoeconomic systems develop at different levels [16]. It is worth noting that geoeconomic analysis is based on the spatial-temporal approach. The geoeconomic space is a space that emerged at the new stage of evolution of the economic space, when, under the influence of globalisation, regionalisation, localisation, and globalisation process, a multidimensional network system emerged as a result of the intensive development of world economic connections. Within the geoeconomic space, economic, information, and investment connections are increasingly externally-oriented. The globalised geoeconomic space (GGS) develops under the impact of actual geoeconomic processes as a multidimensional network system, whose ‘bearing points’ are world cities of three levels. The key elements connecting the flows during the GGS formation are capital movement, foreign trade, patents and licenses, Internet traffic, migration of highly qualified specialists, and passenger air traffic.

The category of geoeconomic position is based on the fundamental concepts of the economic, geographical (EGP) and geopolitical positions. Unlike EGP, the geoeconomic position is determined by the object’s location in the multidimensional GGS system and its connection with world cities, multinational corporation headquarters, global and regional innovation centres, and integration alliances of regions and countries.

However, the geoeconomic position also has a “dark side” — geo-economic risks. In effect, any risk is the most probable negative reaction of the environment to the destructive actions of an individual, corporation, regional or national authorities, etc. If unfavourable changes take place in the global-

ised space, one can say with a fair degree of certainty that they emerged as an internal reaction to the destructive and erroneous actions of the agents of this space. There is a study [17] that analyses geoeconomic risks at all territorial levels — the highest, higher, medium, lower, and the lowest. The *highest level* embraces only that part of the planet that interacts in the framework of world economy. The *higher level* brings together large integration alliances and macroregions playing an important role in the world economy. At the same time, one can speak of such new forms of the world's global space organisation as international megalopolises. The *medium level* is represented by countries involved in intense economic activity and playing a significant role in the world economy. Key administrative units integrated into the world economy are studied at the *lower level*. At the *lowest level*, the geoeconomic analysis focuses on cities, companies, unique mineral deposits, infrastructure objects of global significance, canals, and straits.

We identify five types of geoeconomic risks — spatial, economic, socio-demographic, geopolitical, and those associated with government economic policy.

Spatial risks are connected with the key elements of globalised space. Such risks include the threat of depression in megaregions and leading centres of the world economy, changes in the geoeconomic position as a factor of development, negative impact on integration processes, and the threat of transnational network disintegration.

Economic risks have the following subtypes: global inclusion (internationalisation of economy), economic dependence (interdependence), and the cyclicity of the world economy.

Sociodemographic risks are social conflicts. They can be defined as acute socioeconomic phenomena caused by economic factors and capable of damaging the image of a territory of any taxonomic level.

Of special interests are *geopolitical risks* that include hostile environment and tense relations, unfavourable political changes in neighbouring countries and the threat of military action.

The last class of geoeconomic risks is associated with *government economic policy* and includes two subtypes: domestic economic policy towards economic entities constituting the lowest level of geoeconomic analysis and domestic investment policy towards regions started at the lower level.

Against the background of interdependence, intensification of world economic processes, and the activity of multinational corporations, geoeconomic risks have a profound effect on the development of territorial units of different taxonomic level.

* * *

Therefore, under the influence of globalisation and internationalisation processes, a multidimensional network system — geoeconomic space — is emerging based on the comprehensive development of global economic relations [18]. Naturally, it is spatially structured. Within the North-western federal district, we identify:

The *geoeconomic space of European North*, which includes the northern and border parts of Karelian, the eastern part of the Vologda region that does not gravitate economically towards the Neva/Ladoga basin, the Murmansk region, the Arkhangelsk regions, the Nenets autonomous region, and the Komi Republic. The Centre of attraction is Northern Europe.

The geoeconomic space of North-West: Saint Petersburg, the Leningrad, Kaliningrad, Pskov, and Novgorod region, the Cherepovetsk industrial hub in the Vologda region and southern Karelia with Petrozavodsk. The centre of attraction is Western Europe.

Here, we assume that there is a dichotomy between “Russia of physical space” and the “economic space of Russia”. Russia of physical space is the unpopulated territories that are not involved in the economic turnover. By our estimates, it is approximately 35 % of the NWFD. We suggest dividing Russia’s economic space into two parts: the space oriented towards the national economy and the space oriented towards other globalised geoeconomic spaces.

The unique geoeconomic position of the whole Saint Petersburg coastal region, which is sometime called the Baltic area, is reinforced by the “inherited” and acquired effects of focal industrialisation and space polarisation, which creates additional prerequisites for the inversion of Russian economic space — “Russia of physical space” and the “economic space of Russia”.

As an economic centre and the only agglomeration of Russian North-West with a population of more than 1 million people, Saint Petersburg plays an important role in the formation and redistribution of transport flows. Historically, the city has been a transport hub that redistributes import and export flows, as well as a major player in international economic activities and innovations in Russia’s north-west. In this context, it is appropriate to quote O. A. Kuznetsova:

EGP can be considered favourable when it is characterised by proximity to large economic centres and large sales markets, coastal location (ship transport is the cheapest that is why sea ports are developing both in terms of transportation activities and deployment of production facilities using imported components or exporting their produce), the border position in case of neighbouring on economically developed countries that become sources of investment) [19, p. 128].

All the above parameters can be applied to Saint Petersburg as an emerging world city, large agglomeration, seaport, and a major research, industrial, and service centre with international economic presence.

Of increasing importance is the openness of the region and its readiness to participate in transboundary cooperation. Urpo Kivikari (Helsinki, Finland) argues that it is possible to speak of the East Baltic growth triangle developing in the eastern part of the Baltic and bringing together Southern Finland (Helsinki), Estonia (Tallinn), Saint Petersburg and the Leningrad region [20—22]. This growth triangle is based on different production factors, however, combined efforts create the synergy effect. For instance, a similar “growth triangle” between Sweden and Denmark ensured the functioning of

the well-known Medicon Valley, the largest European medical and biological cluster, which exists despite the geographical separation of the Danish and Swedish coasts.

Therefore, space assumes economic content when such agents as multinational companies and world cities start managing it. Direct investment, cooperation connections, information flows, and a common transport infrastructure, as well as the agglomeration effect make it possible to manage the space so that it acquires geoeconomic content. P. Dicken emphasises that in a globalised world “every component in the production network — every firm, every economic function — is, quite literally, ‘grounded’ in specific locations” (cited by [23]).

Let us recall that, according to Peter Taylor’s classification (2012), Saint Petersburg was listed under “Gamma +” group thus ranking 126th worldwide and 5th in the post-Soviet space among the leading world cities with a special status of universal global management centres [24].

Having lost some ports in the Baltic, Russia faced the task of developing port infrastructure on the Gulf of Finland coast to minimise transit fees. Large-scale construction of new ports in the coastal region and the reconstruction of the port in Saint Petersburg made it possible for Russia to “reclaim the Baltic Sea” and promote export. Saint Petersburg is reaching the level of European cities with an annual cargo tonnage of 60 million tons (2011); the ports of the Gulf of Finland are approaching the level of 120 million tons. The construction of a ring road and a road to the protection facilities give an additional impetus to the development of the marine function of the Saint Petersburg agglomeration.

Another important geoeconomic factor of the Saint Petersburg agglomeration development is the infrastructure of international intermodal transport corridors, in particular, Pan-European corridor IX connecting Helsinki, Saint Petersburg, Pskov, Vitebsk, Kiev, Chişinău, Bucharest, and Plovdiv.

The “Allegro” high-speed train running between Saint Petersburg and Helsinki contributed a lot to the development of the city.

It is also worth emphasising the special status of Saint Petersburg as the administrative and economic centre of a macroregion. Being a city with a population of five million people and the largest consumer market of Russia’s north-west, the city is part of the international system of transport regions. It also houses an international seaport. Despite the absence of a land border with EU countries, the seaport, an international airport, and its embeddedness in the system of water transport in the Baltic Sea basin, we can class Saint Petersburg as a border region. In the NWFD, only two regions do not exhibit internal disparities and have a similar spatial and geoeconomic scale. It is Saint Petersburg and the Kaliningrad region — a special and a rather unique region with a complicated history, whose role and place in the system of the Baltic regions changed significantly in 1991—2000 (for more detail see [25]).

Saint Petersburg is the key — but not the only — focus of the new system of geoeconomic centres and corridors. Out of four international transport corridors running through the territory of Russia, three cross the territory of

the NWFD (North-South, West-East, the Northern Sea Route, and Pan-European transport corridors I and IX). Major federal motorways (Scandinavia, Russia, Kola, Kholmogory, Vyatka, Kaliningrad-Chernyakhovsk-Nesterov, etc.) are part of international transport corridors.

Transport corridors serve as communication channels connecting elements of economic spaces of different regions and giving economic impetus to settlements and territories located in the influence zone of such routes. Motorways play a key role in changing the characteristics of economic spaces. A vivid example is the construction of Saint Petersburg ring road. The completion of construction did not only result in the rearrangement of freight and passenger routes, but also led to a rise in land and house prices in certain districts, improved their attractiveness for business and changed the structure of the most profitable economic activities. As to remote peripheral territories, improved transport connections make it possible for producers to expand their sales geography. Small enterprises providing services for the transport (possibly, transit) traffic (petrol stations, garages, catering industry, wholesale trade, etc.). The number of tourists increases as transport accessibility improves, which also contributes to the attractiveness of tourist objects and development of small enterprises.

More active cross-border connections result in the improvement of transport infrastructure, an increase in passenger traffic, and development of business support network structures. Therefore, socioeconomic space is “shrinking”. Interregional cooperation becomes less time-consuming, whereas the accumulated experience, network activities, and knowledge of the market and ways to conduct business in the neighbouring region reduce risks of entering the market of the neighbouring country. The forms of cross-border cooperation are evolving, economies interact and the forms of this interaction diversify. In its turn, it facilitates closer cooperation, knowledge exchange, labour migration, increasing number of joint ventures and projects, and investment in general. All these processes are being observed in the border areas of the North-western macroregion.

As mentioned above, a region’s participation in solving world economic problems gives impetus to its economic development and ensure the cohesion of economic space. Embeddedness in the system of international transport regions makes a territory more attractive for investment, creates prerequisites for developing the economic potential, and enhances the quality of life. World economic relations remedy the peripheral position of a region at the global scale (for more detail see [26]). However, it is reasonable to consider not only international economic activity that sometimes boils down to raw material exports and does not have significant multiplier effect for the territorial development, but also the integral systemic interactions in different industries producing new goods and services that improve the quality of life.

We have selected parameters that, in our opinion, better reflect the embeddedness of regions in the system of world economic relations:

Embeddedness in the international motorway system is one of the key characteristics that can remedy the peripheral situation of a region. As men-

tioned above, in the North-western macroregion, of special interest are international transport routes and motorways constituting them. It is the motorways that play a system building and connecting role affecting economic and investment development, increasing the efficiency of economic entities, unifying separated territories, and creating conditions for integration. It is only logical that four pan-European motorways run through Saint Petersburg and the Leningrad region.

The ability to process export and import flows, i.e. the capacity of railway and port infrastructure, pipelines, airports, etc. As to the impact on territory development, ports are considered to be the most promising facility capable of becoming the backbone of the territory's development, since its operation is closely linked to a number of industries and services. Every port has its specialization, the most profitable specialization is container operations. Saint Petersburg can be called a container monopolist of Russia's north-west. The Big Port of Saint Petersburg handles more than 90% of all North-western container cargoes, which does not come as a surprise considering its geographical position and developed infrastructure. Saint Petersburg, being the economic centre of Russia's north-west, is the destination point for many imported cargoes. The Kaliningrad region also develops this specialisation, which can be stimulated as a result of the port of Ust-Luga achieving the planned targets. One of the most promising projects is the Ust-Luga—Kaliningrad ferry line.

As mentioned above, the border position determines the region's embeddedness in the system of world economic relations. However, an indirect indicator for integration and cohesion of the spaces of neighbouring regions is the time required to travel from one regional centre to another by land public transport. If economic integration is beneficial for both partners, they make efforts to create a transport infrastructure that would reduce transportation time. The railway routes between Moscow and Saint Petersburg and Saint Petersburg and Helsinki are good examples. Such projects increase the cohesion between space and, therefore, the intensity of economic and social contacts between the regions.

The geoeconomic space of any region is affected by internal and external factors, whereas the latter ones are playing an increasingly more important role, which transforms the region and changes its characteristics. The geoeconomic position of a region determines the characteristics of its geoeconomic space. The border position of a region and its proximity to more developed countries create conditions for including the region into the system of world economic connections and improve its periphery status. The peripheral situation can also change under the influence of other factors, however, the impact of geoeconomic position is doubtless. A favourable geoeconomic position and the development of internal potential, makes it possible for any territory to become economically attractive, which will stimulate its inclusion in the network of "communication corridors" and eliminate or reduce the impact of the periphery status. And vice versa, remoteness from transport corridors, absence of internal potential, isolation from the network of transport corridors aggravate the peripheral situation, which always has an

adverse effect on the economic development of a territory and the social situation in it. N. M. Mezhevich presents strong arguments in favour of this position [27]. He discusses the effect of communication compression which results in centralisation. However, the compression of economic space leads to polarisation (cited by [28]).

According to J. Friedmann's concept, uneven economic growth and space polarisation processes result in inevitable disparities in regional development and the emergence of centres and periphery. At the current stage, Russia's north-west is characterised by economic activity centralisation. In earlier works [26; 28; 29], we emphasise that the centralisation process taking place in the NWFD manifests itself in the increasing influence of Saint Petersburg on the economic space structure. The city exerts a strong integration impact on the Leningrad region through the agglomeration effect and suburbanisation. International transport corridors also make an important contribution.

The geoeconomic position reflects the relations of any geographic, economic, or any other object to objects beyond it. So it is important to monitor changes in the economic distance from certain objects to state borders, sea-ports, customs checkpoints, large cities, markets, etc.

At the same time, the coastal and border characteristics of geo-economic position reinforce the "inherited" and acquired effects of focal industrialisation and polarisation of the whole space of North-West Russia, which creates additional prerequisites for the inversion of its economic space.

References

1. Artobolevsky, S. S., Baklanov, P. Y. Treyvish, A. I. 2009, Prostranstvo i razvitie Rossii: polimasshtabnyj analiz [Space and Development in Russia: Analysis polimasshtabny], *Vestnik Rossijskoj akademii nauk* [Bulletin of the Russian Academy of Sciences], Vol. 79, no. 2, p. 101—112.
2. Smith, A. 2002, Imagining geographies of the 'new Europe': geo-economic power and the new European architecture of integration, *Political Geography*, Vol. 21.
3. Gubanova, T. E. (comp.), 1987, *Jekonomicheskaja i social'naja geografija v SSSR: Istorija i sovremennoe razvitie* [Economic and social geography of the USSR: History and current development], Moscow.
4. Polyan, P. M., Treyvish A. I. (comp.), 2012, *Pamjati I. M. Maergojza* [Memory I. M. Maergoiz], Moscow.
5. Pokshishevsky, V. V. 1956, Nekotorye voprosy jekonomiko-geograficheskogo polozenija Leningrada [The Some questions of an economical geographical position of Leningrad], *Voprosy geografii* [Questions of geography], no. 38, p. 105—130.
6. Lappo, G. M. 1997, *Geografija gorodov* [The Geografiya of the cities], Moscow.
7. Artobolevsky, S. S. 2012, Tochka zrenija: Rossijskaja regional'naja politika: modernizacija ili deformacija prostranstva [The Point of view: Russian regional policy: modernization or space deformation], *Sovremennye proizvoditel'nye sily* [Modern productive forces], p. 82.

8. Cowen, D., Smith, N. 2009, After Geopolitics? From the Geopolitical Social to Geoeconomics, *Antipode*, Vol. 41, no. 1, p. 33.
9. Lachininsky, S. S. 2013, Russia's energy policy in the Baltic region: a geoeconomic approach, *Baltic region*, no. 2, p. 12—21. doi: 10.5922/2079-8555-2013-2-2.
10. Kolosov, V. A. 1988, *Politicheskaja geografija: problemy i metody* [The Politic geography: problems and methods], Leningrad.
11. *Doklad o mirovom razvitii. Novyj vzgljad na jekonomicheskiju geografiju* [World Development Report. Reshaping Economic Geography], 2009, Moscow.
12. Kaufman, H. 2004, Geo-economics injects new uncertainties into troubled markets, *Council on Foreign Relations*, May 20, available at: <http://www.cfr.org/publication.html?id=7039> (accessed 05.10.2008).
13. Jean, K., Savona, P. *Predislovie k russkomu izdaniju sbornika «Geojekonomika»* [Preface to the Russian edition of the book «Geoeconomic»], 1997, available at: http://www.archipelag.ru/geoeconomics/osnovi/geoeconomics/preface_rus/ (accessed 27.01.2014).
14. Gladkiy, Yu. N. 2006, *Rossija v labirintah geograficheskoy sud'by* [Russia in the maze of geographical fate], Saint Petersburg, 531 p.
15. Zamyatin, D. N. 2003, *Gumanitarnaja geografija: Prostranstvo i jazyk geograficheskikh obrazov* [Humanitarian geography: Space and language of geographical images], Saint Petersburg, 296 p.
16. Lachininskii, S. S. 2013, Opyt tipologii geojekonomicheskikh riskov [Experience of typology of geoeconomic risks], *Geografija i prirodnye resursy* [Geography and natural resources], no. 2, p. 15—22.
17. Lachininskii, S. S. Experience on the typology of geoeconomic risks, *Geography and Natural Resources*, 2013, Vol. 34, iss. 2, p. 111—117.
18. Lachininskii, S. S. 2012, Jevoľjucija jekonomicheskogo prostranstva Rossii v XXI veke: geojekonomicheskij podhod [Evolution of economic space of Russia in the XXI century: geoeconomic approach], *Social'no-jekonomicheskaja geografija. Vestnik Associacii rossijskikh geografov-obshhestvovedov* [Social and economic geography. Messenger of Association of the Russian geographers-social scientists], no. 1, p. 258—268, available at: <http://www.vestnik-argo.sfedu.ru/sites/default/files/23.Лачининский.pdf> (accessed 24.12.2013).
19. Kuznetsova, O. A. 2013, Piramida faktorov social'no-jekonomicheskogo razvitija regionov [Piramida of factors of social and economic development of regions], *Voprosy ekonomiki* [Questions of economy], no. 2, p. 121—131.
20. Fedorov, G. M. 2013, Innovations in the Baltic Sea Region and Network Cooperation between Russia and the EU, *Baltic region*, no. 1 (15), p. 4—18. doi: 10.5922/2079-8555-2013-1-1.
21. Kivikari, U. 2000, Rasshirenie Evropejskogo Sojuza i Rossija — situacija vzaimnoj vygody [Expansion of the European Union and Russia — a situation of mutual benefit], *Obzor jekonomiki Rossii* [Review of economy of Russia], no. 4, p. 25—31.
22. Kivikari, U. 2001, *Treugol'nik rosta v kachestve primera primenenija politiki Severnogo izmerenija v regione Baltijskogo morja: Doklad o politike* [Growth Triangle as an example of the Northern Dimension policy in the Baltic Sea Region: Report on Policy], Saint Petersburg, Rossijsko-evropejskij centr po jekonomicheskoy politike [Russian-European center for economic policy].
23. Zverev, Yu. M. 2009, Jekonomicheskaja globalizacija, internacionalizacija proizvodstva i formirovanie mezhdunarodnyh proizvodstvennyh setej [Economic globalization, production internationalization, creation of international production networks], *Vestnik Rossijskogo gosudarstvennogo universiteta im. I. Kanta* [Vestnik Immanuel Kant State University of Russia], no. 1, p. 23—27.

24. *The World According to GaWC 2012*, 2012, available at: <http://www.lboro.ac.uk/gawc/world2012.t.html> (accessed 27.01.2014).
25. Fedorov, G. M., Zverev, Yu. M., Korneevets, V. S. 2013, *Rossija na Baltike: 1990—2012 gody* [Russia on Baltic: 1990—2012], Kaliningrad, Immanuel Kant Baltic Federal University Press, 252 p.
26. Kuznetsov, S. V., Mezhevich, N. M. 2012, *Jekonomicheskoe prostranstvo. Teorija i praktika* [The Economic Space. Theory and practice], Saint Petersburg, 142 p.
27. Mezhevich, N. M., Chernyak, S. V. 2013, Razvitie transportnoj infrastruktury — mehanizm rekonstrukcii jekonomicheskogo prostranstva na primere Severo-Zapada: nacional'nye i mezhdunarodnye akcenty [Development of transport infrastructure — the mechanism of reconstruction of economic space on the example of the Northwest: national and international accents], *Jekonomika i predprinimatel'stvo* [Economy and business], no. 7 (36), p. 183—187.
28. Kuznetsov, S. V. (ed.), 2013, *Prostranstvennoe razvitie jekonomiki makroregiona (na primere Severo-Zapadnogo federal'nogo okruga)* [Spatial development of economy of the macroregion (on the example of the Northwest federal district)], Saint Petersburg, 334 p.
29. Kuznetsov, S. V., Rotenberg, R. B. 2012, Faktory prostranstvennogo razvitiya makroregiona Severo-Zapad [Factors of spatial development of the macroregion Northwest], *Jekonomika. Nalogi. Pravo* [Economy. Taxes. Right], no. 2.

About the authors

Prof. Sergey Kuznetsov, Director of the Institute of Regional Economy of the Russian Academy of Sciences (St. Petersburg).

E-mail: s.kuznetsov09@yandex.ru

Dr Stanislav Lachninskii, Associate Professor, Department of Economic and Social Geography, St. Petersburg State University.

E-mail: lachininsky@gmail.com